

NAEB

PRESIDENT'S MEMO

NATIONAL ASSOCIATION OF EDUCATIONAL BROADCASTERS

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Political Broadcasting on ETV

I list below an exchange of correspondence between NAEB & FCC which clarifies the status of educational stations carrying political broadcasting.

December 6, 1962

Mr. Ben F. Waple
Acting Secretary
Federal Communications Commission
Washington 25, D. C.

Dear Mr. Waple:

There has been some concern among our members relative to the carrying of political broadcasts by educational stations. In view of the fact that all of our educational television stations are themselves an integral part of an educational institution or a combination of such institutions, the question has been raised as to whether the carrying of political programs by educational television stations would affect their tax exempt status with the Internal Revenue Service. We would appreciate such guidance in these matters as you may be able to give us.

Thank you for your interest and cooperation.

Very truly yours,

William G. Harley

December 17, 1962

Mr. William C. Harley
President, National Association
of Educational Broadcasters
1345 Connecticut Avenue
Washington 6, D. C.

Dear Mr. Harley:

This is in reply to your letter of December 6, 1962, inquiring whether the carrying of political programs by educational television stations would affect their tax-exempt status with the Internal Revenue Service.

We have obtained the views of the Internal Revenue Service on this matter. There is attached a letter from the Service discussing the applicability to this situation of Section 501 (c) (3) of the Internal Revenue Code and of the Income Tax Regulations (26 CFR 1.501; Treasury Decision 6391 in Cumulative Bulletin 1959-62, beginning at page 139).

It would appear that the noncommercial educational station could not, without jeopardizing its tax-exempt status, take sides in a political campaign or 'editorialize.' But it would also appear that if the noncommercial educational station presents political broadcasts in a truly nonpartisan manner, acting 'entirely in the public interest' and without itself 'participating or intervening in a political campaign on behalf of a candidate for public office' (see attached letter, p. 4), it would not run afoul of the cited tax provisions.

We hope the foregoing information will be helpful to you and your organization.

BY DIRECTION OF THE COMMISSION

Ben F. Waple, Acting Secretary

The significant paragraphs from the Treasury Department letter referred to are as follows:

'To summarize, insubstantial legislative or political activities, other than participation in or intervention in political campaigns on behalf of candidates for public office, will not disqualify an educational organization such

as an educational broadcasting station, from tax exemption, provided it otherwise meets the exemption requirements of section 501 (c) (3) of the Code. Further, the application of section 501 (c) (3) and the Income Tax Regulations thereunder does not preclude a tax-exempt educational television station from presenting broadcasts on political matters or political campaigns, if the broadcasts are nonpartisan, the station is able to show that these programs were undertaken entirely in the public interest, and the station itself is not participating or intervening in a political campaign on behalf of a candidate for public office. The mere fact that such station affords equal opportunities to opposing views would not of itself be sufficient to establish as a fact that the station is not so intervening or participating, but would, of course, be pertinent to any such consideration. Thus, the station would have to be prepared to establish factually that it does not urge, advocate, or otherwise endorse the views presented.

Whether, and the extent to which, a particular program or activity falls within the statutory proscriptions against legislative and political activities is essentially one of fact to be determined on a case-by-case basis in the light of the facts and circumstances presented. You will appreciate, I am sure, the complexities and difficulties inherent in determining whether political activities of this type are conducted in a nonpartisan manner. Similarly, where opposing candidates for public office are being presented by the station for the education of their viewers, the fact that equal time is granted to all legally qualified candidates for a particular political office will not in itself usually be sufficient to overcome these difficulties.'

Learning Resources Institute

From time to time, I plan to give you a brief fill-in on agencies with which NAEB is affiliated or which are working in our area of interest.

The LRI, of which NAEB is a constituent member, was formed in 1959 as a non-profit corporation for the development and encouragement of instructional use of all learning resources (audio-visual, electronic, etc.). John Ivey and Al Eurich were its principle architects. Originally, it was planned as a large-scale operation which would include a learning resources laboratory and research center to be housed in its own building at Princeton. The instant stimulus, however, was to create an agency to take over the conduct of Continental Classroom from the American Association of Colleges for Teacher Education, which felt that C. C. was becoming too large an activity for it to

carry on. When the anticipated support was not forthcoming, LRI dropped the laboratory and devoted nearly all of its efforts to planning and preparation of college credit courses for national telecasting. In cooperation with NBC, it developed and presented nationally for credit: Atomic Age Physics, Contemporary Mathematics, and Modern Chemistry. During Midwest Airborne's formative years, LRI personnel, headed by John Ivey, assumed the responsibility for the production of its taped courses.

After some disagreement on costs with NBC, LRI switched in 1961 to CBS for its network distribution but was unable to get NBC to relinquish the Continental Classroom title. NBC continued to use the name and to re-run the Harvey White series; LRI was obliged to adopt the title College of the Air for the CBS series. It broadcast 'The New Biology' on this network and currently it is presenting 'The American Economy' on 162 CBS stations and 54 ETV stations. Three hundred sixty-three colleges are giving credit for this course, and 110 school systems are giving teachers in-service training credits. Some 25,000 study guides have been sold in connection with this course, which was actively promoted by the Joint Council on Economic Education. A finance committee, headed by Edward Ryerson, raised \$1,536,000 from Ford (\$833,000) and from more than 100 corporations (\$703,000) to underwrite the series -- \$61,000 over the budget!

In February, LRI worked out an agreement with NBC whereby LRI, in return for \$34,232, was assigned title to the Continental Classroom Physics, Chemistry, and Mathematic series; it then gave NETRC the kinescope and tapes and exclusive right to distribute these series in North America. It has also agreed to turn over all rights to 'The American Economy' to NETRC.

LRI, which has moved its office to the NETRC headquarters at 10 Columbus Circle, also entered into an agreement with the NETRC to not engage in future production of instructional television programs and was about to go out of business at the end of the 1962-63 fiscal period. However, because uncertainty arose as to the future of nationwide instructional TV, it could not be determined what organization should logically succeed to the LRI activities and assets.

At one point, it had been anticipated that NETRC would enter into instructional TV. Subsequently, when the Ford self-study move developed, questions arose as to whether NETRC, Airborne, or some group was the most appropriate for developing instructional television. Consequently, no final decision has been made as to whether or not to liquidate the corporation.

Pending the outcome of this matter, LRI will continue and is considering the feasibility of transmitting scrambled medical education programs over ETV stations. It has authorized \$50,000 for such a study to be made.

Looking Ahead

NAEB has striven always to provide requested services to the limit--and sometimes beyond --of its available resources and personnel and, to the extent possible, within the established structure and organizational procedures of the Association.

Educational broadcasters in recent meetings have articulated the need for more and better services in behalf of educational broadcasting and have shown a growing appreciation of the fact that their Association must restructure and establish new bases for support if it is to provide the quality of leadership at the national level and quality of service at the local level which the times demand.

Responsive to these concerns, the NAEB officers and Board will place first priority in 1963 upon aggressive action in the development of an Association which will wield together the strengths of all the diverse segments within the general field of educational radio-television and actively meet the professional needs of individuals, stations, institutions, and organizations involved. As earnest of this resolve, the Executive Committee has met twice and will soon meet again to consider various reorganization proposals. Shortly the Radio and TV Planning Committees and the Closed-Circuit TV Committee will distribute questionnaires aimed at eliciting from members in their areas of interest answers as to the specific services which they feel NAEB should provide. The results of these questionnaires will be folded into the plans for a new structure designed to realistically fulfill the indicated needs and at the same time build in the provisions for financial support which will be required for such services.

Seasonal Note

In many respects this has been a good year for educational broadcasting and 1963 looks even brighter. Legislatively, 1962 brought passage of the ETV facilities legislation (after seven years effort) and the all-channel receiver bill. The ETV movement kept moving with 11 new stations coming on the air and prospects for the new year indicate an accelerated growth in 1963. Some 36 stations are poised on the edge of activation and some 70 others are well along in the planning. Eight state ETV networks are in operation and eight more are planned. One regional net is in being and three more are being established.

In radio, ten new educational stations came on, and, with educational FM exempted from the current freeze, we should average about two more per month throughout 1963.

Closed-circuit continued to grow at an amazing rate, and we estimate that there are now over 400 sizable installations in the schools, colleges and military establishments of the country.

NAEB had an especially active year in the conduct of various government contracts. During 1962, it completed work on contracts involving studies of spectrum needs of education and the educational application of communication satellites. It undertook new projects for a national inventory of TV personnel and a computer analyses of the TV spectrum to discover additional channels. At year's end, it has signed a contract to do the engineering, personnel recruitment and training for establishment of a TV system in the schools of American Samoa.

Signs and portents auger well for '63. With your help and support, it will be a year of significant accomplishment for NAEB and mark a major surge in the forward progress of educational broadcasting.

Happy New Year!

- WGH

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